

Neath Port Talbot County Borough Council Directorate of Finance & Corporate Services Corporate Procurement Unit Business Plan 2014 to 2015



Introduction

This is the Business Plan for the Corporate Procurement Unit for 2014/15. It sets out the principles and targets within which the department will need to operate in 2014/15 and provides details of the priorities and activities that will be the focus of the department's work in 2014/15.

What are the most important things for the department to achieve in the next year (14/15)?

Departmental Aims and Objectives

The aim, vision and values of the department are as follows:

To enhance the capability and capacity of procurement across the Council, in order to deliver value for money, quality services, for local people.

Key Objectives in 2014/15

These have been agreed with the Cabinet Member for Finance & Corporate Services and the Head of ICT & Procurement. They align themselves with the following improvement objectives that form part of the Council's "Rising to the Challenge" Corporate Improvement Plan:

Improvement Objective 6 – Better, Simpler, Cheaper

Improvement Objective 4 – Prosperity for All

Improvement Objective 3 – Transforming Adult Social Care

General

1. To enable the department to deliver the efficiency savings allocated within the Council's Forward Financial Plan and contain overall expenditure within the cash limit;
2. To maintain high levels of attendance in the department;

3. To ensure departmental performance management arrangements are effective and in line with the Council's revised corporate framework;
4. To review staff performance and progress a learning and development programme for each individual.

Service Specific

1. Update the Council's Procurement Strategy in line with developing methodologies and legislation at a local and national level.
2. Ensure value for money and compliance through the application of the Authority's Contract Procedure Rules (CPR's), Financial Regulations and EU Procurement Legislation.
3. Develop and implement a consistent approach to procurement across the Council.
4. Improve and formalise Corporate Procurement Policies and Procedures across the Council.
5. Collaborate where appropriate with other public sector organisations such as The National Procurement Service and The Welsh Purchasing Consortium to deliver value for money.
6. Develop strategic sourcing to aggregate the procurement of goods and services across all services.
7. Modernise the Procurement function through the use of electronic tools and software including the roll out of eProcurement across the Council by 31st March 2015.
8. Support any re-design of Procurement processes prior to the introduction of eTechnology.
9. Simplify and standardise tender processes in line with best practice, making processes more efficient for both procurement staff and suppliers.
10. Monitor and evaluate spend using electronic analysis tools to develop future sourcing strategies.
11. Provide clear routes and guidance for suppliers and providers wishing to do business with the Council.
12. Effectively manage corporate contracts to improve service delivery.
13. Ensure sustainable means of goods and services acquisition by taking into account social, economic and environmental issues where appropriate.

14. Encourage local suppliers to bid for and win Council contracts thus ensuring the Council's procurement activity has a positive effect on the local economy.

15. Develop more structured approaches to risk, contract and project management through adoption of relevant methodologies.

Why have these priorities been set?

The Corporate Procurement Unit now has two distinct areas of responsibility, one being the more traditional procurement work involving tenders, contracts and achieving efficiency savings through management of third party spend. The other being the continued development of eProcurement across the Council, enabling the electronic purchasing and invoicing of goods and services.

During 2013/14, the Council's budget outlook changed significantly as a consequent of the UK Government's Comprehensive Spending Review and subsequent decisions made by the Welsh Government in allocating available funds across public services in Wales.

The Corporate Procurement Unit has a critical role to play in supporting other Council service departments in achieving their own efficiency savings through effective procurement processes.

There are also important changes happening at a national level within Wales that fundamentally affect the way procurement will be delivered in the future.

Therefore, the identification of these priorities has been determined by;

- The efficiency savings required by the continued roll out of eProcurement across the Council which is to deliver a more streamlined approach to the purchase to pay process and to release capacity across departments in line with the FFP.
- The introduction of the National Procurement Service (NPS) in late 2013. The NPS, when fully operational has been tasked with procuring common and repetitive spend across the whole of the Welsh Public Sector.
- The EU Procurement Directives have been modernised and are due to come in to force within UK law by the end of 2014. There are fundamental changes to a number of the directives which will have a significant impact on the Council's procurement. There will be a major effect on Social Services and Education procurement due to the abolition of Part A and Part B services, which will require increased support from the Corporate Procurement Unit.

- The new directives also propose that all above threshold procurements will need to be conducted electronically, requiring further training and development in the use of eSourcing tools.
- The results of the Welsh Government's procurement fitness check conducted by KPMG, which has highlighted strategic and operational changes which need to be implemented into the department's operation to improve its performance.
- The Wales Procurement Policy Statement, which sets out the procurement practices and the specific actions that will be required of every public sector organisation in Wales.
- The continued need to increase the amount of Neath Port Talbot based suppliers that are able to successfully bid and win Council contracts, thus supporting economic regeneration of the area.

How are we going to secure these achievements?

As mentioned previously, the landscape of procurement, especially in Wales is undergoing significant changes that will potentially affect how Local authorities such as Neath Port Talbot procure in the future. It is essential that these developments are communicated and actioned across the Council with the relevant individuals. This is proposed by;

- Obtain Member and Senior Management approval for the Council's re-freshed Procurement Strategy.
- Utilise spend analysis tools to greater inform procurement decisions to enable further cashable contract savings to be identified and delivered.
- Developing more specific category / commodity strategies to provide an auditable rationale and justification for actions, helping to identify spend areas where efficiency savings may be achieved.
- Working with departments regarding the changes to the EU Directives and revised Public Contracts Regulations to ensure full understanding of the effect on their services.
- Increasing the volume of tenders and quotations conducted through electronic means.
- Re-design Purchasing and Payment flows to optimise process efficiency and identify capacity release.
- Roll out the current eProcurement systems to these re-designed processes to all departments of the Council.
- Increasing the use of 'Community Benefits' in the procurement process
- Improve the access to procurement opportunities for local suppliers.
- Increase the use of the Sustainable Procurement Assessment Framework (SPAF) to ensure social, economic and environmental issues are considered

- Continue to interact and contribute to collaborative procurement through the Welsh Purchasing Consortium, Value Wales and National Procurement Service
- Professionally develop the Corporate Procurement Unit staff through various training, coaching and mentoring initiatives to ensure all staff is comfortable providing professional advice on all aspects of the department's work.
- Working with managers and colleagues in schools to implement the Council's eProcurement system to improve the Procure to Pay process.

Risk Management

Risks affecting the department will be classified using the 5x5 risk assessment matrix below.

I m p a c t	5	5Y	10R	15	20	25
	4	4	8	12	16	20
	3	3	6G	9	12	15
	2	2	4	6Y	8	10Y
	1	1	2	3	4	5G
	0	1	2	3	4	5

Probability

No.	Risk	Initial Rating	Action	Updated Rating
1	Demand for procurement support is increased from Social Services due to change in EU Directives.	9	Inform Social Services of changes to directives through updated policy guidance and communication in order for procurement planning to be mapped to meet resource.	6G
2	Service Quality is compromised due to the lack of availability of resources to manage all procurements.	12	Correct planning of resource to manage scheduled contracts undertaken, though ad-hoc requests may need to be prioritised.	8
3	Budget not available at end of financial year to fund procurement assistant and contracts assistant posts which are fixed term, thus reducing capacity and resources.	10R	Budget planning to be undertaken with Head of Service and funding options explored.	5Y
4	Capability to conduct tenders electronically not at sufficient level by time of new Directives.	6G	Increase amount of tenders and quotations being undertaken through electronic means to increase capability.	3
5	Lack of progression from the NPS will result in increased workload for the department without sufficient resource.	12	Ensure the NPS work programme is being progressed to ensure contracts are available for use enabling cashable savings.	4

			Work with WPC and others to adequately cover existing contractual commitments	
6	Service staff not engaged / available for process redesign and implementation work that forms an essential part of the Council's eProcurement project	15	Readiness assessment to be implemented to provide early warning mechanism for relevant Service head	6Y
7	Supplier base unable to support requirements of the Council's eProcurement project	9	Dedicated supplier support to be created within the team; Bid to be made for ESF funding	4

Department performance in 2013/2014

A number of advancements were made during 13/14 within the procurement department's operation, particularly in relation to the use of electronic tools to support the procurement process.

eSourcing

During the course of the financial year, five eTenders were conducted. These include further work in Home To School Transport and also frameworks let on behalf of the Welsh Purchasing Consortium on an All Wales basis.

eProcurement

The Council's new electronic procurement system went live in 13/14. The system uses Oracle iprocurement software and the Welsh Purchasing Card (WPC) programme to support the new, streamlined purchasing and payment processes.

The project also links into the Welsh Government's Xchangelwales programme; this enables system users to have access to Council contract pricing at the touch of a button. The system is now live with over 100 users.

Major Contracts – involvement

Procurement again supported the Home to School transport work, delivering further cashable savings to this area.

Work was also undertaken in the area of Agency Labour, enabling the Council to remain with its current contracted provider as well as achieving £167k worth of efficiency savings which will be recorded for 2014/2015.

Other significant contracts supported include the management of the civic amenity sites, the treatment of landfill waste, the provision of Apple IT equipment to all Schools, a first ever Corporate Training Framework and an All Wales framework for the supply of Library Books.

Work supporting local suppliers – events etc.

Local supplier engagement events were undertaken as and when required. These are operated on a case by case basis, depending on the level of local involvement in the tender process. Transport Services was again supported in this way as was operative plant, where the bulk of the services provided under this framework are all locally based. These proved successful and assist bidders in successfully winning Council business.

One to one meetings and support has also been provided to local businesses to assist in them achieving a better understanding of how to do business with the Council.

The Procurement intranet pages were also reviewed to ensure better means of contacting the procurement team.

Spend Analysis Work

Spend Analysis work was undertaken with a number of departments across the Council, providing information on committee, cost code, subjective and commodity expenditure.

Presentations were also given to a number of senior management team extolling the virtues of spend the analysis work undertaken and the benefits that could be achieved.

A significant amount of work was undertaken with on request of the Chief Executive to support analysis of common and repetitive spend across the Authority. This then supported the Chief Executives efficiency savings target setting on the reduction of this spend.

Compliance

Compliance against Corporate Procurement Contracts was measured at being approximately 52% of overall spend.

Savings

Cashable savings recorded for the financial year are £797,516.

How will we deliver the priorities we have identified?

Corporate Procurement Unit Action Plan

REF	ACTION	HOW TO ACHIEVE/COMMENTS	OFFICERS RESPONSIBLE & TIMINGS	FORMS OF EVIDENCE
1	Procurement Strategy	New version to be approved by Council's Senior Management and Members.	Robert Type / Stuart Smith	Minutes of relevant meetings approving the new strategy document.
2	Engagement with National Procurement Initiatives	<p>Contribute to the development of national procurement strategies / initiatives via Value Wales and apply locally where relevant</p> <p>Contribute to the Welsh Government 'Futures' eProcurement initiative</p> <p>Liaise with the National Procurement Service and Welsh Purchasing Consortium to ensure Council needs are properly met with the transfer of / setting up of new contract arrangements</p>	Robert Type / Stuart Smith	<p>Publication of National procurement strategies etc.</p> <p>Minutes and actions of relevant meetings</p>

REF	ACTION	HOW TO ACHIEVE/COMMENTS	OFFICERS RESPONSIBLE & TIMINGS	FORMS OF EVIDENCE
3	eProcurement	<p>Re-design and streamline purchasing and payment processes</p> <p>Introduce most appropriate eProcurement solution/s to underpin the re-designed process</p> <p>Implement new Purchasing Card Programme to support project roll out</p> <p>Ensure suppliers are suitably equipped to engage with electronic initiative through dedicated supplier liaison and support</p>	Robert Type / Rhian Gadd	Capacity release of staff
4	Increase the amount of tenders and quotations conducted through eSourcing.	<p>Work with more departments at pre contract stage to integrate etendering</p> <p>Utilise the templates on etenderwales for low value quotations.</p> <p>Advance planning of tenders through contracts register</p> <p>Hold awareness workshops of the system</p>	Stuart Smith / Adam Rosenqvist	<p>% of tenders conducted electronically</p> <p>% of quotes conducted electronically</p> <p>Department feedback</p>

REF	ACTION	HOW TO ACHIEVE/COMMENTS	OFFICERS RESPONSIBLE & TIMINGS	FORMS OF EVIDENCE
5	Develop guidance for the changes in the EU Directives to inform all departments on how their procurement exercises will be affected.	Utilise Value Wales and CCS policy notes, procurement training and other resources to develop NPT specific tailored advice. Circulate to Heads of Service and publicise on intranet.	Stuart Smith As and when directives are adopted in to UK law, Est Oct-Nov 2014	Published documents.
6	Increase compliance against corporate procurement contracts	Promote existing contracts to departments and schools Utilise spend analysis for 13/14 to identify gaps in contract compliance Increase sourcing through existing frameworks not currently being used	Stuart Smith / Diane Spencer / Melanie Anderson / Adam Rosenqvist Ongoing	Categorised expenditure analysis for 13/14 produced for Senior Management Increased compliance with Council contracts – current figure 52% Any cashable savings identified and realised as a reduction in the Council's management budget
7	Increase the amount of local suppliers bidding for NPT contracts	Utilise supplier awareness days where appropriate Increase use of local supplier champion Develop better working links with Economic Development	Stuart Smith Ongoing	% of NPT suppliers bidding for contracts

REF	ACTION	HOW TO ACHIEVE/COMMENTS	OFFICERS RESPONSIBLE & TIMINGS	FORMS OF EVIDENCE
8	Further develop the use of community benefits in the procurement process	<p>Better identify opportunities for use through early involvement in the procurement process.</p> <p>Educate Departments on the benefits of community benefits</p> <p>Increase PR and member awareness of results and benefits</p>	<p>Stuart Smith / Diane Spencer / Melanie Anderson / Adam Rosenqvist</p> <p>Ongoing</p>	<p>% of tenders utilising Community benefits</p> <p>Value contributed to local economy</p>
9	Formalise pre-procurement approach document for all procurement exercises	<p>Standardise completion of document as part of procurement process.</p> <p>Communicate process to all client departments</p>	<p>Stuart Smith / Diane Spencer / Melanie Anderson / Adam Rosenqvist</p> <p>Implement by June 2014 then ongoing</p>	<p>% of tenders utilising procedure</p>

REF	ACTION	HOW TO ACHIEVE/COMMENTS	OFFICERS RESPONSIBLE & TIMINGS	FORMS OF EVIDENCE
10	Continued Professional Development	<p>Annual Reviews and Quarterly 1:1's to be continued for team members that help identify:</p> <ul style="list-style-type: none"> • Training needs • Areas for development • Skills that may not be used to optimum effect • Opportunities for staff to contribute to <p>Team meetings to be held on quarterly basis</p>	Robert Type / Stuart Smith	Documented Employee Reviews, 1:1's, Training Matrices and Minutes of Team Meetings